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SUBJECT: CANADA AND THE FUTURE OF THE MFA.

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SUMMARY:
CANADA'S TEXTILE IMPORT RESTRAINT ACTIONS UNDER ARTICLE
XIX OF THE GATT AND ITS PLAN TO SEEK CHANGES IN THE
MULTIFIBER ARRANGEMENT (MFA) AT THE MARCH MEETING OF
THE TEXTILES COMMITTEE (TC) HAVE BEEN MAJOR FACTORS IN
CREATING THE UNCERTAIN PROSPECTS FOR EARLY RESOLUTION
OF THE FUTURE OF THE MFA. THIS MESSAGE DISCUSSES THE

MFA RENEWAL ISSUE AS SEEN FROM THE CANADIAN AND U.S. PERSPECTIVES AND REQUESTS EMBASSY OTTAWA TO REVIEW THE U.S. POSITION WITH CANADA'S MINISTRY OF EXTERNAL AFFAIRS AT THE HIGHEST APPROPRIATE POLICY LEVEL. IT ALSO COMMENTS ON CANADA'S DESIRE FOR A SEAT ON THE TEXTILE SURVEILLANCE BODY.

1. BACKGROUND OF ARTICLE XIX RESTRAINTS - THE MEANING OF CANADA'S PARTICIPATION IN THE MULTIFIBER ARRANGEMENT (MFA) HAS BECOME INCREASINGLY ELUSIVE SINCE LAST NOVEMBER 29, WHEN CANADIAN AUTHORITIES IMPOSED GLOBAL

ARTICLE XIX OF THE GATT. THESE RESTRICTIONS, THE MOST SWEEPING UNILATERAL TEXTILE IMPORT RESTRAINTS IMPOSED BY A DEVELOPED COUNTRY DURING THE PAST 20 YEARS, FOLLOWED EARLIER ARTICLE XIX RESTRICTIONS ON IMPORTS OF ACRYLIC YARN, TEXTURED POLYESTER YARN AND DOUBLE KNIT FABRIC. RECENTLY CANADA EXTENDED THE RESTRICTIONS ON DOUBLE-KNIT FABRIC FOR AN ADDITIONAL THREE YEARS. IT IS NOW CONSIDERING WHETHER RESTRAINTS WILL BE NECESSARY, PROBABLY UNDER ARTICLE XIX, ON IMPORTS OF SHEETS AND PILLOW CASES. CANADA NOW HAS THE PECULIAR DISTINCTION OF BEING THE ONLY MFA-MEMBER IMPORTING COUNTRY RELYING PRINCIPALLY ON ARTICLE XIX AS THE BASIS FOR ITS QUANTITATIVE TEXTILE IMPORT RESTRAINTS. (HOWEVER, AUSTRALIA'S TARIFF QUOTAS IMPOSED UNDER THE GATT HAVE THE EFFECT OF QUANTITATIVE RESTRAINTS).

2. CANADIAN RATIONALE - CANADIAN OFFICIALS SET FORTH AN LIMITED OFFICIAL USE

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EXTENSIVE CHAIN OF ARGUMENTATION TO JUSTIFY THEIR GATT ARTICLE XIX RESTRAINTS ON IMPORTS OF TEXTILES AND APPAREL. THEY PRESENT IN CONSIDERABLE DETAIL STATISTICS DEMONSTRATING THE IMPACT OF IMPORTS ON THEIR INDUSTRY IN 1976. THEY THEN ALLEGE THAT THE MFA DOES NOT PROVIDE EFFECTIVE MEANS TO RESOLVE CANADA'S PROBLEMS WITH TEXTILE AND APPAREL IMPORTS. THEY NOTE THAT CANADIAN AUTHORITIES CAN'T SEEK TO NEGOTIATE RESTRAINTS UNTIL THE TEXTILE AND CLOTHING BOARD MAKES A FINDING OF MARKET DISRUPTION. THEY SAY THAT CANADA'S SITUATION REQUIRES COVERAGE OF NUMEROUS SUPPLIERS AND THAT CANADA DOESN'T HAVE SUFFICIENT OFFICIALS TO HANDLE THESE NEGOTIATIONS. THEY ALLEGE THAT RECENT TRADE LEVELS ARE UNACCEPTABLE AND MUST BE ROLLED BACK. FURTHER, THEY STATE THAT DISRUPTION OF THEIR APPAREL INDUSTRY IS SO EXTENSIVE AS TO REQUIRE COMPREHENSIVE RESTRAINTS AND THAT CANADA'S BILATERAL DIPLOMATIC INFLUENCE IS SO SLIGHT AS TO COMPEL UNILATERAL ACTIONS. FINALLY, THEY SAY THAT THE MFA IS

A DEROGATION FROM THE GATT AND POINT TO THE MFA'S RESERVATION OF ITS MEMBERS GATT RIGHTS. THUS, THEY STATE CANADA CAN TAKE ANY ACTION PERMISSIBLE UNDER THE GATT WITHOUT VIOLATING ITS OBLIGATIONS UNDER THE MFA AND ARGUE THAT COUNTRIES PARTICIPATING IN THE MFA HAVE NO OBLIGATIONS UNDER IT UNLESS THEY TAKE RESTRAINT ACTIONS ON THE BASIS OF ITS PROVISIONS.

APPAREL IMPORTS HAVE BEEN WIDELY CRITICIZED BY MFA MEMBERS. AT SPECIAL MEETING OF THE GATT TEXTILES COMMITTEE LAST DECEMBER ALL PARTICIPATING COUNTRIES EXCEPT CANADA AND AUSTRALIA STATED THAT PARTICIPATING COUNTRIES WERE OBLIGED WHENEVER POSSIBLE (1) TO USE THE MFA TO IMPLEMENT TEXTILE IMPORT RESTRAINTS, (2) TO CONFORM RESTRAINT ACTIONS TO MFA PRINCIPLES, AND (3) TO FOLLOW MFA PROCEDURES INCLUDING CONSULTATIONS LIMITED OFFICIAL USE

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WITH AFFECTED SUPPLIERS AND REVIEW BY THE TEXTILES SURVEILLANCE BODY (TSB). ON JANUARY 28, 1977, A MAJORITY OF THE TSB DECIDED TO REVIEW CANADA'S ARTICLE XIX ACTION ON APPAREL AND CONCLUDED, PARAPHRASING THE LANGUAGE OF ARTICLE 1 AND 9 OF THE MFA, THAT THE ACTIONS WOULD HAVE THE EFFECT OF NULLIFYING THE OBJECTIVES OF EXPANSION OF TRADE AND THE AVOIDANCE OF DISRUPTIVE EFFECTS ON PRODUCTION AND TRADE.

4. CANADIAN IMPLEMENTATION OF THE MFA -

-- NEITHER IMPORTING COUNTRIES NOR EXPORTING COUNTRIES FIND CANADA'S CLAIMS OF THE MFA'S INADEQUACIES FULLY CONVINCING. CANADA'S PROBLEMS WITH IMPORTS APPEAR TO STEM MORE DIRECTLY FROM ITS IMPLEMENTATION OF THE MFA, NOTABLY ITS TARDINESS IN NEGOTIATING RESTRAINT AGREEMENTS, THAN FROM ANY INADEQUACY OF THE MFA PROVISIONS ON BASE PERIODS FOR RESTRAINTS OR MINIMUM GROWTH RATES REQUIRED. IN PARTICULAR, THE REQUIREMENTS FOR A TEXTILE AND CLOTHING BOARD FINDING AND THE DIFFICULTIES THE GOC BELIEVES IT FACES IN ----- NEGOTIATING AGREEMENTS ARE NEITHER DEFICIENCIES OF THE MFA NOR BEYOND REMEDY BY CANADA. FYI - IN DECEMBER 1973 AND AGAIN IN APRIL 1974, THE US TOLD (INDEED WARNED) CANADA(MCKINNIREY) THAT THE MFA WOULD WORK ONLY IF THE PARTICIPATING COUNTRIES EMPLOYED ITS PROVISIONS. WE POINTED OUT THAT CANADA COULD ANTICIPATE SIGNIFICANT IMPORT INCREASES AND POSSIBLY DISRUPTION UNLESS IT NEGOTIATED BILATERAL AGREEMENTS WITH ITS MAJOR SUPPLYING COUNTRIES. MCKINNIREY REJECTED OUR GENTLE PRODDING. END FYI.

5. CANADIAN APPROACH TO RENEWAL TALKS - THE GOC

POSITION ON MFA RENEWAL REFLECTS ITS PREOCCUPATION WITH PROVIDING EXTENSIVE PROTECTION TO THE CANADIAN TEXTILE AND APPAREL INDUSTRY. AT BILATERAL DISCUSSIONS IN WASHINGTON ON MARCH 9 CANADIAN OFFICIALS STATED THEY WERE MORE DETERMINED THAN EVER TO OBTAIN WRITTEN CHANGES LIMITED OFFICIAL USE

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IN THE MFA. IN THE CANADIAN VIEW, THE MFA IN ITS

PRESENT FORM IS AN UNBALANCED DOCUMENT WHICH FAVORS EXPORTING COUNTRIES, PARTICULARLY LARGE EXPORTING COUNTRIES, AND IMPORTING COUNTRIES WITH LOW PENETRATION FROM IMPORTS. AT THE WASHINGTON MEETING CANADIAN OFFICIALS REPORTED THEY WOULD NOT PUT THEIR PROPOSALS BEFORE THE TEXTILES COMMITTEE (TC) UNTIL THEY HAD A CHANCE

TO COMPARE NOTES WITH THE EUROPEAN COMMUNITY. THEY SAID THEY DID NOT SEE ANY POINT IN BRINGING UP THEIR PROPOSALS UNLESS IT APPEARED THAT THEY WOULD RECEIVE SERIOUS CONSIDERATION.

6. POLICY ISSUES - THE TWO MAJOR CANADIAN CONCERNS ARE THE MFA'S REQUIREMENTS ON THE BASE PERIOD TO BE USED IN SETTING RESTRAINTS AND THE MINIMUM GROWTH RATE FOR UNILATERAL RESTRAINTS. CANADA WOULD LIKE TO HAVE FLEXIBILITY TO PICK A "REPRESENTATIVE" BASE PERIOD FROM THE LAST THREE YEARS. THIS FLEXIBILITY WOULD ENABLE ROLL-BACKS FROM RECENT TRADE LEVELS AND DEFUSE THE IMPACT OF CANADA'S SLOW INTERNAL PROCEDURES. CANADIANS WOULD ALSO LIKE TO RELATE GROWTH RATES TO CUMULATIVE IMPACT OF IMPORTS FROM A PARTICULAR COUNTRY ON A GIVEN SECTOR. CANADIANS ENVISAGE PROVIDING LOW GROWTH RATES TO LARGE SUPPLIERS AND SOMEWHAT MORE ATTRACTIVE RATES TO SMALL SUPPLIERS. GOC OFFICIALS NOTE, HOWEVER, THAT, EVEN IF MFA WERE AMENDED AS CANADA WISHES, CANADA WOULD NOT GIVE UP ITS GATT RIGHTS, INCLUDING ITS RIGHTS UNDER ARTICLE XIX.

7. IMPLICATIONS OF CANADIAN PROPOSALS FOR MFA - CANADA'S MISGIVINGS ABOUT THE RECEPTION ITS PROPOSALS MIGHT RECEIVE IN THE TC APPEAR WELL FOUNDED. WHILE EXPORTING COUNTRIES RECOGNIZE THAT CANADA IS HAVING DIFFICULTY WITH IMPORTS, DO NOT QUARREL WITH ITS DESIRE LIMITED OFFICIAL USE

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FOR RESTRAINTS, AND WISH TO STAY ON GOOD TERMS WITH AN

IMPORTANT MARKET, THEIR INTERESTS WILL COMPEL THEM TO RESIST THE CANADIAN POSITION STRONGLY. THE CANADIAN PROPOSALS WOULD REPRESENT A SIGNIFICANT NARROWING OF ACCESS TO THE MARKETS OF DEVELOPED COUNTRIES FOR DEVELOPING TEXTILE EXPORTING COUNTRIES. THIS WOULD BE HARMFUL TO THE ECONOMIC INTERESTS OF THE EXPORTING COUNTRIES AND WOULD BE INCONSISTENT WITH THE TREND OF TRADE RELATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. BOTH EXPORTING AND IMPORTING COUNTRIES FEAR THAT THE CANADIAN PROPOSALS, IF MADE PART OF THE GROUND RULES OF THE MFA, WOULD BE SUBJECT TO ABUSE BY CERTAIN HIGHLY PROTECTIONIST IMPORTING COUNTRIES AND WOULD STRENGTHEN PROTECTIONIST PRESSURES IN ALL IMPORTING COUNTRIES. FOR EXAMPLE, THE EUROPEAN COMMUNITY HAS INDICATED IT WOULD INSIST ON THE APPLICATION OF LOWER THAN MINIMUM GROWTH RATES TO THE INDIVIDUAL MARKETS OF ITS MEMBER STATES. OF COURSE, THE CONCEPT OF TRADE ROLL-BACKS HAS ALWAYS BEEN ONE OF THE CRITICAL ISSUES FOR EXPORTING COUNTRIES, AND ONE WHERE THE DANGERS OF MISUSE ARE UNFORTUNATELY ALL TOO REAL.

8. IMPLICATIONS OF CANADA'S POSITION ON GATT - MFA RELATIONSHIP - CANADA'S EXTENSIVE TEXTILE IMPORT RESTRAINTS AND ITS NARROW VIEW OF OBLIGATIONS OF PARTICIPATING COUNTRIES UNDER THE MFA STRIKE AT THE VERY SUBSTANCE OF THE AGREEMENT. THE MFA AND PREDECESSOR INTERNATIONAL TEXTILE ARRANGEMENTS WERE CREATED TO PROVIDE PRINCIPLES FOR REGULATING INTERNATIONAL TEXTILE TRADE WHICH WOULD TAKE ACCOUNT OF THE SPECIAL PROBLEMS IN THAT TRADE. THE PROVISIONS OF THE MFA WERE WORKED OUT AT GREAT LENGTH AND WITH CONSIDERABLE CARE BY PARTICIPATING COUNTRIES, INCLUDING CANADA, TO DEAL WITH THESE SPECIAL PROBLEMS. THEY REPRESENT A BALANCE OF IMPORTING AND EXPORTING COUNTRY INTERESTS AND WERE DRAFTED WITH THE EXPECTATION THAT THEY WOULD BECOME THE FRAMEWORK FOR RESTRAINT ACTION BY IMPORTING COUNTRIES. LIMITED OFFICIAL USE

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WHILE THE MFA IS NOT STRICTLY A PART OF THE GATT, ITS NEGOTIATION REPRESENTED RECOGNITION OF THE NEED TO BALANCE IMPORTING AND EXPORTING COUNTRY INTERESTS RESPECTING TEXTILE TRADE MORE EVENLY THAN GATT PROVISIONS ENABLE. THE CANADIAN INTERPRETATION OF OBLIGATIONS OF IMPORTING COUNTRIES UNDER THE MFA CONSTRUES THE MFA AS A TOTALLY ONE-SIDED DOCUMENT WHICH CONFERS ADDITIONAL RIGHTS ON IMPORTING COUNTRIES BUT PROVIDES NO CORRESPONDING RIGHTS TO EXPORTING COUNTRIES. UNLESS THIS INTERPRETATION IS REBUTTED OR EXPORTING COUNTRIES ARE PROVIDED WITH ASSURANCES ACCEPTABLE TO THEM AGAINST THE MISUSE OF ARTICLE XIX, THE FUTURE OF THE MFA WILL REMAIN IN DOUBT.

9. US POSITION - ALTHOUGH THE WORST OF THE TEXTILE RECESSION IN 1975 IS OVER, THE U.S. GOVERNMENT, LIKE THE GOVERNMENTS OF OTHER IMPORTING COUNTRIES, FACES INTENSE INDUSTRY AND LABOR PRESSURE TO SEEK A MORE RESTRICTIVE MFA. SOME OF THESE PRESSURES WERE ENGENDERED BY THE CANADIAN RESTRAINTS IMPOSED UNDER ARTICLE XIX. DESPITE THESE PRESSURES, THE U.S. IS FIRMLY COMMITTED TO IMMEDIATE RENEWAL OF THE MFA WITHOUT SUBSTANTIVE CHANGE AS THE ONLY FEASIBLE COURSE CONSISTENT WITH THE INTERESTS OF BOTH IMPORTING AND EXPORTING COUNTRIES. OUR BEST ESTIMATE, BASED ON NUMEROUS CONSULTATIONS AND CONTACTS WITH THE DEVELOPING COUNTRIES, IS THAT CHANGES IN THE MFA, WHICH WOULD MAKE IT MORE PROTECTIONIST, WHETHER ACCOMPLISHED BY FORMAL AMENDMENT OR INTERPRETATION THROUGH NOTES OR PROTOCOLS, ARE SIMPLY UNACCEPTABLE, INDEED NON-NEGOTIABLE, TO THE DEVELOPED COUNTRIES.

10. RATIONALE - THE U.S. POSITION IS BASED ON THE FOLLOWING CONSIDERATIONS:

(A) EXTENDED DELAY IN RESOLVING THE FUTURE OF THE MFA COULD WELL RESULT IN TEXTILE TRADE POLICY BECOMING A LIMITED OFFICIAL USE

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CENTRAL ISSUE IN THE ALREADY COMPLEX AND DIFFICULT NORTH-SOUTH DIALOGUE. AT THIS CRITICAL STAGE IN THAT DIALOGUE, THIS ADMINISTRATION BELIEVES IT WOULD BE A SERIOUS MISTAKE FOR THE INDUSTRIALIZED COUNTRIES TO BECOME EMBROILED IN AN UNNECESSARY CONTROVERSY WITH THE DEVELOPING WORLD OVER TEXTILE TRADE, INCLUDING TARIFF ISSUES. IN ADDITION TO THE POLITICAL IMPACT, DELAY WOULD HAVE SERIOUS ECONOMIC CONSEQUENCES FOR BOTH DEVELOPED AND DEVELOPING COUNTRIES BY CREATING AN ATMOSPHERE OF INSTABILITY IN ONE OF THEIR LARGEST INDUSTRIES. DEVELOPING COUNTRIES HAVE A CRITICAL ECONOMIC INTEREST IN AVOIDING MORE RESTRICTIONS ON TEXTILE TRADE; IN UNCTAD, CIEC, AND GROUP OF 77 MEETINGS, DEVELOPING COUNTRIES HAVE REPEATEDLY OPPOSED RESTRAINTS ON EXPORTS OF THEIR MANUFACTURED GOODS AND HAVE CALLED FOR THE TERMINATION OF THE MFA AS SOON AS POSSIBLE. GIVEN THEIR PRESSING NEED FOR FOREIGN EXCHANGE TO MEET THE INCREASING COSTS OF RAW MATERIALS AND MANUFACTURED IMPORTS, CONTINUED GROWTH IN THEIR EXPORTS OF LABOR-INTENSIVE MANUFACTURES IS VITAL TO THEIR ECONOMIC SURVIVAL.

(B) DELAY CAN ONLY SERVE TO WIDEN THE GAP BETWEEN IMPORTING AND EXPORTING COUNTRIES BY FUELING STRONG PROTECTIONIST PRESSURES IN THE INDUSTRIALIZED COUNTRIES. THESE PRESSURES INEVITABLY FEED ON AND REINFORCE EACH

OTHER AND COULD WELL SPREAD BEYOND THE TEXTILE FIELD. EXPORTING COUNTRIES HAVE SO FAR REFRAINED FROM PRESSING THEIR DESIRE FOR A MORE LIBERAL MFA IN THE HOPE THAT THE BENEFITS OF STABILITY FROM PROMPT RENEWAL WOULD OUTWEIGH THOSE FROM ANY LIBERALIZATION THEY MIGHT WREST FROM THE IMPORTING COUNTRIES. WHILE WE UNDERSTAND EXPORTING COUNTRIES REMAIN PREPARED TO ACCEPT AN UNCHANGED MFA, IF THE HOPE FOR EARLY RENEWAL FADES THERE IS LITTLE PROSPECT THAT THEIR DEMANDS CAN BE HELD IN CHECK. IF THE INDUSTRIALIZED COUNTRIES ARE TO HAVE ANY CONTROL OVER THE SITUATION, THEY MUST ACT DEFINITELY AT THE LIMITED OFFICIAL USE

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CURRENT TC MEETING.

11. NEED FOR FURTHER REPRESENTATIONS - U.S. AND CANADIAN OFFICIALS DIRECTLY RESPONSIBLE FOR TEXTILE TRADE POLICY HAVE MET FREQUENTLY, MOST RECENTLY IN WASHINGTON ON MARCH 9. THESE DISCUSSIONS HAVE FEATURED FRANK EXCHANGES OF VIEWS AND PERHAPS SOME UNDERSTANDING OF MUTUAL PROBLEMS BUT HAVE NOT SIGNIFICANTLY REDUCED THE GAPS BETWEEN THE TWO COUNTRIES ON TEXTILE TRADE ISSUES, AND PARTICULARLY, THE FUTURE OF THE MFA. WHILE CANADA'S CURRENT INTERNAL PRESSURES FOR TIGHTER RESTRAINTS ON TEXTILE IMPORTS MAY PREVENT SIGNIFICANT SOFTENING OF THE CANADIAN POSITION AT THIS TIME, THE NEED FOR THE BROADEST POSSIBLE CANADIAN UNDERSTANDING OF U.S. CONCERNS REMAINS. ACTION REQUESTED: ACCORDINGLY, EMBASSY OTTAWA IS REQUESTED TO PRESENT U.S. CONCERNS AND VIEWS TO GOC MINISTRY OF EXTERNAL AFFAIRS AT HIGHEST APPROPRIATE LEVEL.

12. TSB SEAT - COMMENT ON THE CANADIAN REQUEST FOR A SEAT ON THE TEXTILE SURVEILLANCE BODY FOLLOWS BELOW FOR THE EMBASSY'S INFORMATION AND APPROPRIATE USE.

(A) WITH RESPECT TO CANADA'S REQUEST FOR A PERMANENT TSB SEAT, WE NOTE THAT CANADA ALREADY SHARES A SEAT WITH THREE NORDIC COUNTRIES. THE ARRANGEMENTS FOR SHARING THE SEAT (AND A POSITION AS ALTERNATE) ARE PRIMARILY A MATTER FOR CANADA AND THE NORDIC COUNTRIES; HOWEVER, WE FIND IT HARD TO BELIEVE THERE IS NOT SOME DEGREE OF SUBSTANTIVE COORDINATION AND REFLECTION BY THE CHOSEN REPRESENTATIVE OF THE INTERESTS OF ALL FOUR COUNTRIES INVOLVED. THIS LEADS TO THE QUESTION OF WHETHER PERMANENT REPRESENTATION ON THE TSB WOULD HAVE ANY EFFECT ON CANADA'S POSITION ON TEXTILE IMPORTS. AS WE SEE IT, CANADA'S POSITION IS BASED ON DOMESTIC CONSIDERATIONS; HAVING A SEAT ON THE TSB, AND THUS SOMEWHAT GREATER ABILITY TO CONTEST ADVERSE TSB LIMITED OFFICIAL USE

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RECOMMENDATIONS, WOULD NOT NECESSARILY HELP THE CANADIANS SOLVE THEIR PROBLEMS. CANADA'S PROBLEMS ARE NOT REALLY WITH THE TSB BUT WITH ITS DESIRE TO IMPOSE RESTRAINTS OUTSIDE THE MFA'S FRAMEWORK.

(B) THE TSB IS BROADLY REPRESENTATIVE OF THE MFA MEMBERSHIP; IN ADDITION TO A CERTAIN RECOGNITION OF GEOGRAPHY, IT HAS BEEN ROUGHLY EQUALLY REPRESENTATIVE OF BOTH IMPORTING AND EXPORTING COUNTRIES (JAPAN'S STATUS IS ADMITTEDLY CURIOUS) AND DEVELOPING AND DEVELOPED COUNTRIES. EQUITABLE SHARING OF SEATS WITHIN EACH GROUP IS ALSO A MAJOR FACTOR IN ALLOCATING REPRESENTATION. TO ASSURE CANADA A SEAT TO ITSELF WOULD UPSET THESE BALANCES AND PROBABLY LEAD TO DEMANDS FOR ADDITIONAL SEATS AND EXPANSION OF THE TSB. GIVEN THE COMPLEXITIES OF INTERNATIONAL TEXTILE TRADE, THERE IS NO GUARANTEE THAT AN EQUITABLE EXPANSION COULD BE WORKED OUT OR THAT APPROPRIATE MEMBERS COULD BE SELECTED.

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(C) MOREOVER, THERE IS PRESENTLY AN EFFORT UNDERWAY TO IMPROVE THE EFFECTIVENESS OF THE TSB. ONE OF THE PRINCIPAL MEANS OF ACCOMPLISHING THIS IS TO HAVE TSB REPRESENTATIVES WORK FULL TIME ON THAT BODY. TO ENLARGE THE BODY WOULD BOTH MAKE IT MORE CUMBERSOME AND LEAD TO THE APPOINTMENT OF MEMBERS BY COUNTRIES WHICH DO NOT HAVE A SUFFICIENTLY DEEP INTEREST IN TEXTILE TRADE TO APPOINT FULL-TIME MEMBERS. ENLARGEMENT, THUS, WOULD TEND TO DEFEAT THE EFFORT TO IMPROVE THE EFFECTIVENESS OF THE BODY.

(D) PROBABLY THE MOST CRITICAL FACTOR, HOWEVER, IS CANADA'S ANOMALOUS SITUATION. CANADIAN ACTIONS HAVE THREATENED TO DESTROY THE MFA, NOT SUPPORT IT. THEIR VIEWS ON THE MFA ARE NOT SHARED BY MOST OTHER COUNTRIES. THEY HAVE STATED THAT THEY SEEK THE TSB SEAT BECAUSE OF THEIR UNIQUE POSITION, WHICH CANNOT BE REPRESENTED PROPERLY BY ANY OTHER PARTY. IN THESE CIRCUMSTANCES, THE POSSIBILITY

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THAT A CANADIAN REQUEST FOR A PERMANENT SEAT ON THE TSB WOULD RECEIVE FAVORABLE CONSIDERATION BY MFA MEMBERS, IS VIRTUALLY NIL.

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